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STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

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DIRECTOR

October 13, 2003

MEMORANDUM

TO: Finance, Administrative, and Human Resources Officers
All State Agencies

FROM:  Ruth Mealy, Director
Financial Operations Division
Office of Financial Management

SUBJECT: Banked Leave Time and Temporary Furloughs NERE's

As you may be aware, the Civil Service Commission passed rule changes on Thursday, October 10 providing for a Banked Leave Time program and Temporary Furloughs for non-exclusively represented employees. Please refer to the Office of the State Employer's website located at www.michigan.gov/OSE for specifics regarding the Banked Leave Time program and Temporary Furloughs.

Banked Leave will be processed in a highly automated manner through the use of pay codes, time accrual plans, and standard time records. With each bi-weekly pay period, affected employees' gross wages will be systematically reduced by the amount equivalent to four hours of base pay for full time employees and 5% of hours in pay status (up to 80) for part time employees. Employees' fringe benefits and special pay premiums will be unaffected by the decrease in gross wages. Upon legislative approval of amendments to the State Employees' Retirement Act, retirement (defined contribution and defined benefit) will be unaffected.

Employees choosing to utilize banked leave time may do so following rules consistent with usage of annual leave. Banked leave usage will be recorded on employees' time sheet in DCDS as BLTU. Employees will not be allowed to substitute accrued leave for banked leave or furlough hours.

Employees who separate from state service with unused balances of Banked Leave Time will receive an employer contribution to their 401k accounts. If an employee does not have a 401k account at the time of separation, CitiStreet will establish the account upon receipt of the employer contribution. If the contribution would result in the employee exceeding the applicable limits, the excess portion of the contribution will be applied to the employee's 457 account. The liquidation of the employee's banked leave balance and the calculation of the employer contribution will be processed in an automated manner through use of the separation payoff

calculator (HRMN form ZR82.1). The calculation will be based upon the balance in the employee's banked leave plan multiplied by their base rate of pay at separation.

Paid and Unpaid Furlough time will be processed through the use of unique pay codes/hours types reported on the employee's time sheets in DCDS. Use of the appropriate codes is critical to ensure reporting and monitoring efforts are addressed efficiently and to ensure appropriate calculations of hours balances, benefits, and retirement contributions.

In order to address these resolutions, the following new data elements have been configured in HRMN:

Pay Codes:

Pay Code	OFM Use Only	Time & Att. Use?	Description	Pay Summary Group
12BL	Yes		OFM - BANKED LEAVE TIME EARNED	12L
12BX	Yes		OFM - BANKED LEAVE TIME EARNED	12B
12GR	Yes		OFM - ADJUST GROSS WAGES – NEGATIVE	12R
12GX	Yes		OFM - ADJUST GROSS WAGES – NEGATIVE	12G
32BL			X-BANKED LEAVE TIME PAYOFF	32B
34BL			X-BANK LV TIME PYOFF DTH SUB Y	34B
35BL			X-BANK LV TIME PYOFF DTH CUR Y	35B
32BN			X-BANKED LEAVE TIME ADJUST	32N
34BN			X-BANK LV TIME ADJUST DTH SUB Y	34N
35BN			X-BANK LV TIME ADJUST DTH CUR Y	35N
BLTU ⁽¹⁾		Yes	BANKED LEAVE TIME USED	BLU
FRLN ⁽¹⁾		Yes	FURLOUGH LEAVE UNPAID	FRN
FRLP ⁽¹⁾		Yes	FURLOUGH LEAVE PAID	FRP

For accounting purposes, separate comptroller object codes have been established related to these pay codes as well as the deduction code described below and will be communicated separately.

12BL– Banked Leave Time Earned:

This is an hours only pay code that will be used to update the Banked Leave Time Accrual Balances for affected full time employees. This update will take place systematically through the use of centrally configured and processed standard time records.

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12BX– Banked Leave Time Earned:

This is an hours only pay code that will be used to update the Banked Leave Time Accrual Balances for affected part time employees. This update will take place systematically through the use of centrally configured and processed standard time records.

12GR – Adjust Gross Wages Negative

This pay code will calculate the decrease in gross wages as a result of the Banked Leave deferral for full time employees. This calculation and update will take place systematically through the use of centrally configured and processed standard time records.

12GX – Adjust Gross Wages Negative

This pay code will calculate the decrease in gross wages as a result of the Banked Leave deferral for part time employees. This calculation and update will take place systematically through the use of centrally configured and processed standard time records.

BLTU⁽¹⁾ – Banked Leave Time Used

This code will be used on an employee's timesheet to report usage of banked leave time accrual balances.

FRLN⁽¹⁾ – Furlough Leave, Unpaid

This code will be used on an employee's time sheet to report unpaid furlough time, including January 2, 2004.

FRLP⁽¹⁾ – Furlough Leave, Paid

This code will be used on an employee's time sheet to report the December 26, 2003 paid furlough day.

32BL/32BN – Banked Leave Time Payoff/Adjust

These codes will be utilized through the separation payoff calculator to compute the value of the employer contribution to the employee's 401k (or 457) account and reduce the balance in the employee's banked leave time accrual plan to zero.

34BL/34BN – Banked Leave Time Payoff/Adjust, Death Subsequent Year

These codes will be utilized through the separation payoff calculator to compute the value of the employer contribution to the employee's 401k (or 457) account and reduce the balance in the employee's banked leave time accrual plan to zero. These codes address the unique taxation and tax reporting circumstances of related to a death beneficiary payoff.

35BL/35BN – Banked Leave Time Payoff/Adjust, Death Current Year

These codes will be utilized through the separation payoff calculator to compute the value of the employer contribution to the employee's 401k (or 457) account and reduce the balance in the employee's banked leave time accrual plan to zero. These codes address the unique taxation and tax reporting circumstances of related to a death beneficiary payoff.

Deduction Codes:

DBLY – Banked Leave Time, Employer Payoff

This code will be systematically assigned to all employees as a required deduction code. This employer contribution to the employee's 401k plan will be automatically computed and processed as 100% of the payoff computed by the separation payoff calculator.

Time Accrual Plans:

BLT BAL – This plan will reflect the accruals, usage, and remaining balance an employee has of Banked Leave Time. These balances will display in DCDS and on the employee's statement of earnings and deductions.

BLT FTD – This plan will reflect the fiscal year to date accruals an employee has received of Banked Leave Time. These balances will display in DCDS and on the employee's statement of earnings and deductions.

FRL UNPD – This plan will reflect the unpaid furlough time used by an employee. Balances in this plan will be used to ensure each applicable employee has utilized the required number of hours of unpaid furlough time. These balances will display in DCDS and on the employee's statement of earnings and deductions.

Standard Time Records:

Standard time records will be processed by the Payroll Service Center every payroll cycle for the affected groups of employees to generate the banked leave time reduction in gross wages in accrual in the applicable time accrual plans.

Edits:

New timesheet edits have been implemented in DCDS related to Banked Leave Time usage consistent with Annual Leave Usage edits.

An additional edit has been implemented to prevent usage of Plan A hours prior to exhausting available banked leave balances.

Further edits may be implemented related to furlough time. Any such edits will be communicated at that time.

⁽¹⁾ These pay codes have been added to DCDS as hours types. Agencies that interface time and attendance information through time clock interfaces will need to ensure the related codes are added to their time clock software if appropriate. DCDS will systematically add the new hours types to all department/agency/TKU combinations.

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